

Moving Expenses

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INCOME TAX

Family Series



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This leaflet is only a guide. For official purposes, please refer to the Income Tax Act.

Copies of this leaflet are available free of charge from district taxation offices.

Notice

Proposed tax amendments

The February 15, 1984 Budget and the Ways and Means Motion tabled in the House of Commons on June 18, 1984, proposed various amendments to the Income Tax Act. Although information on these provisions has been incorporated into the text of this leaflet, the legislation associated with the Budget and the Ways and Means Motion died with the dissolution of Parliament on June 29, 1984. For more up-to-date information, please consult your district taxation office.

Employees and self-employed persons

If you are claiming a deduction for moving expenses, your claim should be made on form T1-M and filed with your T1 General income tax return. Both of these forms are available from district offices. You may claim moving expenses for more than one move a year if each move meets all the conditions described in this leaflet.

Who may deduct moving expenses?

Moving expense deductions may be claimed by salary or wage earners, self-employed persons, and in some cases, students attending post-secondary institutions. The general rule is that you may deduct moving expenses from your income if

- you cease carrying on business or employment at your former location, and
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- you move from the residence where you ordinarily live in order to earn salary, wages or self-employed income in a new location in Canada, and
 - your move results in your new home being at least 40 kilometres (25 miles) closer to your new work place.

To “cease carrying on business” means actually terminating the business and does not include the annual closing of a seasonal operation such as a tourist lodge.

The February 15, 1984 Budget proposed to eliminate the requirements relating to a taxpayer's occupation before the taxpayer moves. As a result, the proposed amendment will ensure that an individual who was unemployed immediately before such a move can claim the deduction for moving expenses. If enacted into law, the amendment will be applicable to relocations occurring after 1983.

Generally, no deductions for moving expenses are allowed for moves into or out of Canada. Exceptions to this are deductions for certain students, and for certain non-residents who are considered to be residents of Canada throughout the year.

Expenses may be deducted only from income earned at the new location. If you moved but didn't earn income, you are not eligible to claim the moving expense deduction in that year but you may be able to claim a deduction in the following year.

If your move is the result of a transfer with the same employer, you may have a claim for moving expenses. Any moving expenses paid by your employer, or for which you are reimbursed by your employer, cannot be claimed. If your employer pays or reimburses you for only part of your expenses, however, you may deduct the remainder from income earned at the new location. If, for example, your moving expenses were \$700 and your employer reimbursed you for only \$400, you would be able to claim the remaining \$300 as a moving expense.

What expenses are deductible?

Deductions are limited to reasonable amounts, actually paid, for moving yourself, your family, and household effects. It is not necessary for all members of your household to travel together or at the same time.

Eligible expenses include

- Travelling costs to your new residence including meals and lodging while en route.
- Transportation and storage costs for household effects from your former to your new residence. These include packing, hauling, in-transit storage and insurance.
- The cost of up to 15 days temporary board and lodging near either your former or your new residence for yourself and members of your family.
- The cost of cancelling an unexpired lease on your former residence, not including any rental payment for a period during which you occupied the residence.
- The cost of selling your former residence, including advertising, notarial or legal fees, real estate commission and mortgage penalty when the mortgage is paid off before maturity.
- Legal fees in connection with the purchase of the new residence and any taxes on the transfer or registration of title to the new residence if you or your spouse have sold the old residence as a result of the move.
- If you own a mobile home, the cost of disconnecting and hooking up services such as hydro and water. The cost of moving a mobile home itself is ordinarily not deductible. If personal effects are in a mobile home when it is moved, however, the cost of moving the home is admitted as a moving expense to the extent that it does not exceed the estimated cost of moving the personal effects separately.

Not eligible are

- Expenses for work done to make your former property more saleable, or any loss incurred in the sale.
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- Expenses incurred, before you move, in house-hunting trips to your new location. (Only expenses related to your actual move are eligible.)
 - Value of items movers refused to move, such as plants, frozen food, ammunition, paint and cleaners.
 - Expenses incurred while job-hunting in another city, or travelling to another city for that purpose.
 - Expenses to clean or repair a former rented residence to meet the landlord's standards.
 - Replacement of or loss on such personal use items as toolsheds, firewood, drapes and carpets.
 - Disconnection or reconnection charges for utilities.
 - Adaptation costs for household appliances.
 - Mail forwarding costs.

Receipts

You should retain receipts or other documents for all eligible expenses including meals. You are not required to submit these with your income tax return, but they may be needed to substantiate your claim for moving expenses. If you use your own car when moving, you should keep a record of automobile expenses incurred en route.

How do you claim moving expenses?

Remember that moving expenses can be deducted only from income earned at the new location. Eligible expenses are claimed when you file your income tax return for the year in which you moved.

For example, if you moved in June, your claim would cover the current taxation year and would be included on the return filed by April 30 of the following year. The moving expense claim should be entered on the tax return on the line marked "Other deductions." Form T1-M (Claim for Moving Expenses), available from your district office, must be completed and filed with your return.

To calculate whether or not the distance of your move is at least 40 kilometres (25 miles), first measure the kilometres (miles) between your former residence and the new work location, then deduct from that figure the kilometres (miles) between the new residence and the new work location. The result must be at least 40 kilometres (25 miles). The distance between your former residence and your new residence is not taken into consideration. Most measurements are made on a map by the "straight-line method."

Moving expenses must be deducted first from income earned at the new location in the year of the move. However, if your moving expenses are greater than that income, the difference may be carried forward and deducted from such income in the following taxation year.

Suppose, for example, you move 500 kilometres to take a job in a new city incurring moving expenses of \$1,000. The total earnings from your employment in the year of the move are \$6,000, but only \$600 of this is earned in the new location. You are entitled to deduct \$600 of the moving expenses from earned income in the year of the move, and carry the remaining \$400 forward and deduct it from income earned in the following year in the new location.

If your employer reimbursed you for \$700 of the moving expenses, you would be entitled to deduct only \$300 from income for tax purposes. The \$300 would be deducted from income for the year of the move.

In some cases, you may not have incurred all your eligible moving expenses by the time you file your tax return for the year of the move. The most common example of this is when you are unable to sell your former home right away. The sales commission on a delayed sale of a former residence is an eligible moving expense, provided your house was on the market continuously until sold and the delayed expense was incurred within a reasonable length of time after the date of the

actual move. You should contact your district office and ask them to adjust your return to allow this deduction. However, you must submit receipts and an explanation of your situation.

Moving expense deductions for students

If you have been attending a university or other post-secondary institution in Canada full-time, and you move elsewhere in Canada to take a job (including summer employment) or to start a business, you may claim moving expenses. The same general rules as those described earlier apply. This provision does not apply to students moving into Canada.

If you moved to take a summer job, only those moving expenses incurred to move to the work location are eligible as a deduction from your summer employment income. Moving expenses incurred for your return to the university are not deductible from such income but may be deducted from award income such as fellowships and scholarships. If you have no award income, you may not claim moving expenses for your return to university.

If you change residences to begin full-time attendance at an educational institution (whether or not it is in Canada), you may deduct expenses incurred in moving from your old to your new residence (at least one of which must be in Canada), if it results in your living at least 40 kilometres (25 miles) closer to the new institution. Such expenses may be deducted only against award income such as scholarships, fellowships, research grants and similar awards and only to the extent that such income is reported on your income tax return.

Students who leave Canada to study or foreign students coming to Canada to study at post-secondary educational institutions are entitled to deduct

moving expenses from scholarships, fellowships, research grants and similar award income.

You are not considered to be in full-time attendance if you are attending only evening classes, or are carrying only a part-day course load while devoting most of your time to earning money or other activities. You are in full-time attendance if you are registered for the academic year and your primary occupation is meeting the requirements of the educational institution, including time spent in libraries and laboratories.

You may be taking a "cooperative course" in which you attend school for an academic period then work for a similar period in a business or industry at a work location. If so, and you incur eligible moving expenses in moving to the work location, your expenses may be deducted from income earned at that location. Similarly, when you return to school, your moving expenses may be claimed only against award income as described earlier.

Moving expense deductions for certain non-residents

If you are living outside Canada, you may still be considered a resident of Canada throughout the taxation year if you are

- a member of the Canadian armed forces at any time in the year,
 - an employee of the federal or provincial governments (provided you were resident in Canada immediately before this employment abroad),
 - serving under one of Canada's international development assistance programs (provided you were resident in Canada at any time in the three-month period immediately before your service began),
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- a member of the overseas Canadian Forces school staff who after the 1979 taxation year filed a return for the year on the basis that you were resident in Canada throughout the period during which you were a member of the school staff,
 - the spouse or dependent children of any of the above.

If you are in one of these categories and considered to be a resident of Canada, you may deduct moving expenses incurred during the period you are considered a resident. Subject to the other rules, you may also deduct moving expenses incurred to move to or from Canada, or between two locations outside Canada.

Additional information on determining whether you are considered a resident of Canada is contained in Interpretation Bulletin IT-221R, available from your district office.

If you wish more precise information or would like to receive Interpretation Bulletin IT-178R2, which deals with moving expenses, contact your district office.

District taxation offices

NEWFOUNDLAND

- 01 - 165 Duckworth St.
St. John's, Nfld.
A1C 5X6
Local calls: 772-5050
Long distance calls:
1-772-5060

PRINCE EDWARD ISLAND

- 02 - 90 Richmond St.
Charlottetown, P.E.I.
C1A 8L3
Local calls: 566-7200
Long distance calls:
1-566-7200

NOVA SCOTIA

- 03 - 1557 Holts St.
Halifax, N.S.
B3J 2T5
Local calls: 426-2210
Long distance calls:
1-426-3360

- 04 - 60 Dorchester St.
Sydney, N.S.
B1P 6K3
Local calls: 564-7080
Long distance calls:
1-564-7081

NEW BRUNSWICK

- 05 - 65 Canterbury St.
Saint John, N.B.
E2L 4H9
Local calls: 648-4600
Long distance calls:
1-800-222-9622

786 King Ave.
Bathurst, N.B.
E2A 1R5
Local calls only: 548-4407

QUEBEC

- 06 - 165 Pointe aux Lievres St. S.
Quebec, Québec
G1K 7L3
Local calls: 648-3180
Long distance calls:
- From area code 418, dial
1-800-463-4421
- From area code 819, dial
1-800-463-4413

55 Racine St. E.
Chicoutimi, Québec
G7H 1P9
Local calls only: 545-1912

411 Sirois St.
Rimouski, Québec
G5L 8B2
Local calls only: 722-3111

1055 des Forges Blvd.
Trois Rivières, Québec
Local calls only: 373-2723

- 07 - 50 Couture St.
Sherbrooke, Québec
J1H 5L8
Local calls: 565-4888
Long distance calls:
1-800-567-6184

- 08 - 305 Dorchester Blvd. W.
Montréal, Québec
H2Z 1A6
Local calls: 283-5300
Long distance calls:
Zenith 0-4000

- 46 - 3131 St. Martin Blvd. W.
Laval, Québec
H7T 2A7
Local calls only: 283-5300

- 47 - 5245 Cousineau Blvd.
St. Hubert, Québec
J3Y 7Z7
Local calls only: 283-5300

- 09 - 11 Terminus St. E.
Rouyn, Québec
J9X 3B5
Local calls: 764-5171
Long distance calls:
Zenith 0-4000

ONTARIO

- 10 - 360 Lisgar St.
Ottawa, Ont.
K1A 0L9
Local calls: 598-2275
Long distance calls:
- From area code 613, dial
1-800-267-8440
- From area code 819, dial
1-800-267-4735

- 11 - 385 Princess St.
Kingston, Ont.
K7L 1C1
Local calls: 542-2831
Long distance calls:
1-800-267-0922

- 12 - 11 Station St.
Belleville, Ont.
K8N 2S3
Local calls: 962-8611
Long distance calls:
1-800-267-2130

- 13 - 36 Adelaide St. E.
Toronto, Ont.
M5C 1J7
Local calls: 869-1500
Long distance calls:
- From area code 416, dial
1-800-387-1700
- From area codes 519, 705, dial
1-800-387-1710

- 14 - 150 Main St. W.
Hamilton, Ont.
L8N 3E1
Local calls: 522-8671
Long distance calls:
- From area code 416, dial
1-800-263-9200
- From area code 519, dial
1-800-263-9210

- 15 - 166 Frederick St.
Kitchener, Ont.
N2G 4N1
Local calls: 579-2230
Long distance calls:
1-800-265-2530

- 16 - 32 Church St.
St. Catharines, Ont.
L2R 3B9
Local calls: 688-4000
Long distance calls:
1-800-263-5672

- 17 - 451 Talbot St.
London, Ont.
N6A 5E5
Local calls: 679-4211
Long distance calls:
1-800-265-4900

- 18 - 185 Ouellette Ave.
Windsor, Ont.
N9A 5S8
Local calls: 258-8302
Long distance calls:
1-800-265-4841

- 19 - 19 Lisgar St. S.
Sudbury, Ont.
P3E 3L5
Local calls: 675-0581
Long distance calls:
1-800-461-4060

- 20 - 201 North May St.
Thunder Bay, Ont.
P7C 3P5
Local calls: 623-3443
Long distance calls:
1-800-465-6981

MANITOBA

- 21 - 391 York Ave.
Winnipeg, Man.
R3C 0P5
Local calls: 949-6350
Long distance calls:
1-800-282-8079

SASKATCHEWAN

- 22 - 1955 Smith St.
Regina, Sask.
S4P 2N9
Local calls: 359-6015
Long distance calls:
800-552-8031

- 23 - 201 - 21st St. E.
Saskatoon, Sask.
S7K 0A8
Local calls: 665-4595
Long distance calls:
800-772-8737

ALBERTA

- 24 - 220 - 4th Ave. S.E.
Calgary, Alta.
T2G 0L1
Local calls: 231-4101
Long distance calls:
1-800-332-1410

- 25 - 9820 - 107th St.
Edmonton, Alta.
T5K 1E8
Local calls: 420-3510
Long distance calls:
1-800-232-1966 (Alta.)
Northwest Territories and
Northeastern B.C.
1-800-661-5620

BRITISH COLUMBIA

- 26 - 277 Winnipeg St.
Penticton, B.C.
V2A 1N6
Local calls: 493-3616
Long distance calls:
1-800-642-8259

- 27 - 1166 West Pender St.
Vancouver, B.C.
V6E 3H8
Local calls: 689-5411
Long distance calls:
112-800-663-9033
Yukon Territory and
Northeastern B.C.
1-800-663-0451

- 28 - 1415 Vancouver St.
Victoria, B.C.
V8V 3W4
Local calls: 388-0121
Long distance calls:
112-800-742-6108

Long Distance Calls: No charge
to caller in Canada.
- For Zenith numbers, dial "0" and
ask for Zenith 0-4000
- For other numbers, dial direct

Number for
Hearing Impaired:
1-800-665-0354